

**MEMORANDUM**

**To:** Board of Regents

**From:** Board Office

**Subject:** Conceptual FY 2001 Operating Budget – Iowa Lakeside Laboratory

**Date:** May 8, 2000

**Recommended Action:**

Receive the report on the FY 2001 conceptual operating budget for the Iowa Lakeside Laboratory as provided by the Director with the understanding that the Lakeside Laboratory Coordinating Committee is currently reviewing the proposed FY 2001 budget.

**Executive Summary:**

The Director of the Iowa Lakeside Laboratory has submitted a conceptual, status quo FY 2001 general fund operating budget plus funds for faculty salary increases. The Lakeside Laboratory Coordinating Committee is currently reviewing the proposed budget. The three Regent universities fund the operating budget for the Laboratory, with FY 2000 funding by institution as follows:

	<b><u>FY 2000</u></b>	
	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
University of Iowa	\$169,997	49.4%
Iowa State University	104,555	30.4%
University of Northern Iowa	<u>69,290</u>	<u>20.2%</u>
<b>Total</b>	<b>\$343,842</b>	<b>100.0%</b>

The Laboratory's operating budget has increased at a lower rate than that of any other Regent institution during the last six years, and this has already forced Lakeside Laboratory to reduce expenditures to a minimum. Lakeside Laboratory does not receive any tuition revenues and consequently cannot offset cuts in its operational budget from tuition income.

In 1994, when the Board reorganized the administration and funding of Iowa Lakeside Laboratory, it established eight goals for the Laboratory; among these goals was improving the financial situation. Lakeside Laboratory's operational budget in FY 1995 was \$300,000. The FY 2000 operational budget is \$343,842, for a total increase of 14.6% over the last six years or 2.4% per year. For the first four of the last six fiscal years, Lakeside Laboratory's budget was inadequate to

meet its fixed expenses (staff and faculty salaries, utilities, maintenance, etc.) and only in FY 1999 was Lakeside Laboratory, for the first time, able to balance its operating budget.

Review and approval of the Laboratory's budget is consistent with the Board's Strategic Plan (Action Step 4.1.1.2) and provides effective stewardship of resources.

**Background:**

In 1947 the Board of Regents was made responsible, under the terms of a trust, for the operation and management of Lakeside Laboratory, which has served as a biological field station since 1909. The Laboratory's campus is 140 acres of land located adjacent to Millers Bay and the west shore of West Okoboji Lake.

In the summer of 1993 the Board of Regents approved a three-year plan and a new organizational structure for the Lakeside Laboratory including a Lakeside Laboratory Coordinating Committee and a new directorship.

In June 1997 the Board received a comprehensive presentation on achievement of the eight goals established by the Board of Regents in 1994 for the Laboratory. These goals were:

1. Enhance the Instructional Program to include all of the environmental sciences and examine other programmatic possibilities consistent with the mission of the Laboratory.
2. Increase Enrollments with a goal of 80 students; course enrollments should meet the minimum criteria for a summer course offering at the universities.
3. Improve Financial Situation so that additional income is generated to put the financing of the Laboratory on a more stable basis; attention was to be given to the privatization of some functions.
4. Reexamine Curriculum to broaden the mission of the Laboratory to include all environmental sciences.
5. Improve Relations with the Lake Okoboji Community and incorporate this goal as a component of the year round program for the Laboratory.
6. Increase Scholarships from a variety of external sources.

7. Examine Distant Learning Potential to determine what courses could be brought to the area and to provide unique instruction to other areas.
8. Enhance Research Opportunities through the broadening of the scope of the instructional programs.

The Laboratory has achieved, and in some instances, exceeded, all goals except the one related to distance learning.

- The number of university courses increased from 9 to 10 to 16 to 18 per summer session with new courses in a variety of disciplines introduced. Enrollments increased significantly, exceeding the Regent goal of 80 students since the summer of 1995. New programs were initiated for residents and visitors to the Iowa Great Lakes community and for grade, middle and high school classes during the academic year.
- Substantial improvements have been made in working with the Okoboji community. Since 1996, the Friends of Iowa Lakeside Lab, Inc. have raised over \$900,000 to build and endow the new Waitt Water Quality Laboratory. The Friends are currently organizing an endowment campaign with a goal of \$1,000,000 to support environmental education and water quality research programs at the Laboratory.

In addition to the Waitt Quality Laboratory, other infrastructure improvements have been accomplished.

- The 1997 General Assembly appropriated \$140,000 for improvements at the Laboratory; these funds were used for improvements to the Mess Hall, including the addition of a west entry porch, insulation of the dining room, conversion of the east porch to a dining area, and the addition of heating, air conditioning and restrooms.
- In March 1995 the Board approved the acquisition, moving and setup of motel buildings from the Brooks Resort to provide improved housing for faculty and staff.
- In May 1999 the Board approved the donation of a house to the Laboratory by a local landowner; the house is used to provide needed housing.
- The sewer system has been repaired, new computers purchased and a new phone system installed.

Beginning with FY 1998, a budgeted account for the Laboratory was established at Iowa State University to improve the accounting of revenues and expenditures.

- This method differed from the previous method in which the universities were billed based upon Laboratory expenditures. For the period FY 1995 – FY 1997, Laboratory expenditures exceeded Board approved budgets by \$50,335.
- For FY 1999, the budget of the Lakeside Laboratory was increased to sustain the quality of the operations and educational programs and to ensure a balanced budget.
- The Board also requested that Iowa State University put into effect pre-audit controls beginning with FY 1999 to ensure that the expenditures of the program were within the Board approved budget.

Beginning with FY 2000, Iowa State University has funded a three-quarter time position to staff the Water Chemistry Lab, which is a central component of the Water Quality Lab facility.

At its February 2000 meeting, the Board approved changes in the structure of the Lakeside Laboratory Coordinating Committee. The provosts of each university are now the representatives of the universities on the Coordinating Committee and the specific duties of the Coordinating Committee have been detailed.

### **Analysis:**

The only significant part of the Lakeside Laboratory budget that is not a fixed expense is the summer-faculty teaching budget. The Laboratory could only deal with a decrease in its operating budget by dropping one or more courses from its summer-teaching program. (The Director reports that faculty salaries have already been reduced to a level where it has become difficult to recruit qualified faculty, so this is not a viable option.)

A reduction in the operational budget would have a number of negative consequences:

- (1) Student enrollment would decrease;
- (2) Expansion of the summer teaching program would be curtailed, e.g., plans for new courses in watershed modeling and the use of Geographic Information Systems (GIS) that have been requested would need to be dropped;

- (3) Development of an MS degree for biology teachers that will enable them to take all or most of their coursework at Lakeside Laboratory would be threatened; and
- (4) Fund raising for projects from the Iowa Great Lakes community would become more difficult if it is perceived that Regent support for Lakeside Laboratory has declined.

As noted above, in spite of serious budget constraints, Lakeside Laboratory has been able to meet the goals set by the Regents in 1994. These programmatic improvements were made possible by the introduction of a variety of cost cutting measures, the most important of which was adopting a new pay scale for faculty that brought under control the Laboratory's single biggest expenditure. Utility costs were also reduced by switching the entire campus from propane to natural gas.

**Conclusion:**

Over the last few years, Lakeside Laboratory raised as much money from external sources as it received in operating funds. Since the operational budget contains no discretionary funds, a budget reduction would require eliminating summer courses. This will jeopardize the development of promising new initiatives and the Laboratory's ability to raise funds from outside sources.

  
Joan Racki

Approved:   
Frank J. Stork